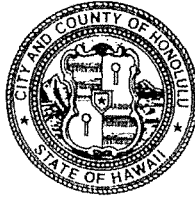


DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792

KIRK CALDWELL
MAYOR



February 12, 2013

PAMELA A. WITTE, OAKLAND
DIRECTOR DESIGNATE

GARY K. KAKATA
DEPUTY DIRECTOR

RECEIVED
CITY CLERK
C & C OF HONOLULU
2013 FEB 12 PM 4:41

The Honorable Ann Kobayashi, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
2013 FEB 12 P 4:31
CITY COUNCIL
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

Subject: Bill 4 (2013)

In November of 2012, voters in the City and County of Honolulu effected a City Charter amendment (the "Charter Amendment") that added a new section to Article 9, Chapter 2, of the Revised Charter of the City and County of Honolulu 1973, as amended ("City Charter"), and established a Grants in Aid Fund ("Fund"). Council wisely initiated the Charter Amendment recognizing that the City's primary source for funding non-profit organizations – the U.S. Department of Housing's (HUD) Community Development Block Grants program (CDBG) – was subject to economic pressure, as demonstrated by recent decreased allocations by HUD. The uncertainty raised by these actions necessitated another avenue of assuring funding for those non-profit organizations providing valuable housing, community development, economic development and human services to persons of low and moderate income in our community.

In accordance with the Charter Amendment, Bill 4 (2013) seeks to establish the Fund. While DCS supports the establishment of the Fund, DCS also believes the language of Bill 4 needs to be revised so that it follows the expressed intent of the Charter Amendment. Accordingly, we recommend that proposed section 6-_.4(b) be revised to delete references to the City administration and councilmembers as the Charter Amendment and question put to voters was clear in stating general fund revenues were to be appropriated for grants in aid to federal income tax exempt non-profit organizations. We do not view the Charter Amendment to apply to the City and County of Honolulu.

We also propose two revisions to the proposed ordinance that would reduce the administrative burden with respect to the Fund, thus providing a more efficient process by which non-profit organizations may receive funding. In particular, we recommend proposed sections 6-_.4(b) and (c) be revised to defer the grants in aid process until the next fiscal year with applications due to the commission by July 20 of each year, and the commission's report with recommendations to the city council due September 4. As it stands, Bill 4 proposes deadlines for application submittals and commission review, concurrent with City

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and Members of the Budget Committee
February 12, 2013
Page 2

budget and CDBG selection/processing timelines. This additional overlap imposes an administrative burden to city personnel, necessitating increased staff and additional fiscal resources. Moreover, deferring Fund implementation will allow the necessary time for development of departmental procedures

For very similar reasons, DCS also recommends that proposed section 6-_.4(d) be revised to have projects selected along a timeline different from the City's budget process, through a resolution to be adopted by September 4 of each year.

Lastly, we recommend that proposed section 6-_.5 be revised to have DCS administer the projects funded by the Fund. The proposed section currently has BFS administering the Fund as well as the projects funded by the Fund. While DCS has no objection to BFS administering the Fund, Article 9, Chapter 3, Section 302 of the City Charter provides that the Director of Community Services is charged with developing and administering "projects, programs and plans of action for human resources, human services and housing programs . . . [and] projects, programs and plans of action designed to achieve sound community development" Under the Charter Amendment, the question put to voters encompassed these areas. Accordingly, DCS may be the more appropriate department to administer projects selected under the Fund. Moreover, DCS staff and resources are most directly related among city departments to serving persons in need. DCS consists of experienced project managers with the culture of assisting those in need and the expertise to administer the projects.

Thank you for allowing our input. A proposed Committee draft providing all of the above clarifications is attached. If you have any questions, please call me at 768-7760.

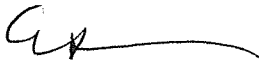
Sincerely,



Pamela A. Witty-Oakland
Director Designate

Attachment

APPROVED:



Ember Lee Shinn
Managing Director Designate

cc: The Honorable Ernest Y. Martin, Chair
Honolulu City Council
Nelson H. Koyanagi, Jr. Acting Director
Department of Budget & Fiscal Services



A BILL FOR AN ORDINANCE

RELATING TO GRANTS IN AID FUND

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The purpose of this ordinance is to create a fund to receive and expend monies to be used by the city to award grants in aid to federal income tax exempt non-profit organizations.

SECTION 2. Chapter 6, Revised Ordinances of Honolulu 1990, as amended, is amended by adding a new article to be appropriately designated by the revisor of ordinances and to read as follows:

“Article __. Grants in Aid Fund

Sec. 6-__1 Creation.

There is hereby created and established a special fund to be known as the “Grants in Aid Fund” (hereinafter “fund”).

Sec. 6-__2 Purpose.

The purpose of the fund is to receive and expend monies to be used by the city to award grants in aid to federal income tax exempt non-profit organizations that provide services to economically and/or socially disadvantaged populations or provide services for public benefit in the areas of the arts, culture, economic development or the environment pursuant to Section 9-205 of the Revised Charter of Honolulu.

Sec. 6-__3 Deposit.

There shall be deposited into the fund a minimum of one-half of one percent of the estimated general fund revenues, plus any interest earned on deposits in the fund.

Sec. 6-__4 Additional expenditure requirements.

- (a) There is established a grants in aid advisory commission which shall review applications for grants in aid monies and advise the city on projects to be funded with grant monies from the fund. The recommendations made by the grants in aid advisory commission regarding recommended expenditures from the fund shall be consistent with the priorities established by the council by resolution.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 4 (2012), CD1
Proposed

A BILL FOR AN ORDINANCE

- (b) Applications for projects to be funded with grants in aid monies shall be submitted to the commission by July 20 of each year.
- (c) The commission shall submit a report setting forth its recommendations to the city council by September 4, along with a proposed resolution for adoption of its recommendations.
- (d) The council shall select the projects to be funded with grants in aid monies by adoption of a resolution approving or disapproving of the commission's recommendations. The council's selection of the projects must comply with the requirements set forth in the Charter.
- (e) At any given time, no more than five percent of the monies in the fund shall be used for administrative expenses.
- (f) Any balance remaining in the fund at the end of any fiscal year shall not lapse, but shall remain in the fund, accumulating from year to year. The monies in the fund shall not be used for any purposes except those listed in this article.

Sec. 6-__5 Administration.

The director of budget and fiscal services shall administer the fund and may promulgate rules for the administration of the fund. The director of the department of community services shall administer the grants awarded from the grants in aid fund and may promulgate rules to establish procedures for the administration of the grants awarded from the fund."



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 4 (2012), CD1
Proposed

A BILL FOR AN ORDINANCE

SECTION 3. This ordinance shall take effect upon approval, provided that, for calendar year 2013 only, the deadlines set forth in subsections 6-.4(b) and 6-_.4(c) as provided in section 2 of this ordinance shall not apply.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____ 20__.

KIRK CALDWELL, Mayor
City and County of Honolulu